

**CALENDAR ITEM
C60**

A 56
S 40

02/07/17
PRC 8668.2
C. Hudson

GENERAL LEASE – AGRICULTURAL USE

APPLICANT:

A-Z Farms, Inc.

PROPOSED LEASE:

AREA, LAND TYPE, AND LOCATION:

76.97 acres, more or less, of State-owned Indemnity school land located within Lots 6, 7, 10, 11, 22, 23, 26, 27, 38, 39, 42, 43, 54, 55 of within Section 9, Township 11 South, Range 14 East, SBM, southwest of Niland, Imperial County.

AUTHORIZED USE:

Agricultural Use.

LEASE TERM:

10 years, beginning July 15, 2017.

CONSIDERATION:

\$10,083 per year, with an annual Consumer Price Index adjustment, payable bi-annually (\$5,041.50 on July 15 and \$5,041.50 on January 15 of each lease year).

SPECIFIC LEASE PROVISIONS:

Liability insurance in an amount no less than \$1,000,000 per occurrence.

STATE'S BEST INTERESTS ANALYSIS:

In 2005, the Commission, acting as trustee of the School Land Bank Fund, acquired 76.97 ± acres of agricultural land through a land exchange located in Lots 6, 7, 10, 11, 22, 23, 26, 27, 38, 39, 42, 43, 54, and 55 within a portion of Section 9, Township 11 South, Range 14 East, SBM, southwest of Niland, Imperial County ([Calendar Item C46, April 26, 2005](#)). At the time of the acquisition, the lease premises were encumbered by an existing agricultural lease that is now referenced as Lease No. PRC 8668.2 for the farming of wheat, alfalfa, Sudan hay and oats. That lease expired on July 14, 2007. On March 25,

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2008, the Commission authorized a 10-year General Lease – Agricultural Use to A-Z Farms, Inc. ([Calendar Item C62, March 25, 2008](#)). The lease will expire on July 14, 2017. The Applicant has submitted an application for agricultural use of State-owned Indemnity school land.

The proposed lease is limited to a 10-year term, does not alienate the State's fee simple interest, and does not grant the lessee exclusive rights to the lease premises. The lease requires the lessee to insure and indemnify the State for any liability incurred as a result of the lessee's activities hereon. The lease requires the lessee to maintain the land at no expense of the State. The lease requires that no other crops may be grown without the prior authorization from the Commission. The lease also requires the payment of annual rent, generating revenue for the California State Teachers' Retirement System, consistent with the School Land Bank Act. For the reasons stated above, Commission staff believes the issuance of Lease No. PRC 8668.2 is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. School lands were granted to the State of California by the federal government under the Act of March 3, 1853 (10 Stats. 244, Ch. 145), and consisted of the 16th and 36th sections in each township (with the exceptions of lands reserved for public use, lands taken by private land claims, and lands known to be mineral in character). In cases of preemption, due to the exceptions described above, the State was given the opportunity to select replacement lands from the United States in lieu of a Section 16 or a Section 36. These replacement lands are now known as Indemnity school lands or lieu lands.
2. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission's jurisdiction and Strategy 2.1 to optimize returns for the responsible development and use of State lands and resources, both onshore and offshore.
3. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 4, Minor Alterations to Land; California Code of Regulations, title 14, section 15304.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300.

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4. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq.; however, the Commission has declared that all lands are significant by nature of their public ownership (as opposed to environmentally significant). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code section 6370 et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by California Code of Regulations, title 2, section 2954 is not applicable.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 4, Minor Alterations to Land; California Code of Regulations, title 14, section 15304.

STATE'S BEST INTERESTS FINDING:

Find that the proposed lease is in the best interests of the State.

AUTHORIZATION:

Authorize issuance of a General Lease – Agricultural Use to A-Z Farms, Inc. beginning July 15, 2017, for a term of 10 years, for 76.97 acres, more or less, of State-owned indemnity school land described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$10,083 per year, with an annual Consumer Price Index adjustment, payable bi-annually (\$5,041.50 on July 15 and \$5,041.50 on January 15 of each lease year) and; liability insurance in an amount no less than \$1,000,000 per occurrence.

EXHIBIT A

PRC 8668.2

LAND DESCRIPTION

A parcel of land located in Section 9, Township 11 South, Range 14 East, SBM, County of Imperial, State of California, and more particularly described as follows:

Lots 6, 7, 10, 11, 22, 23, 26, 27, 38, 39, 42, 43, 54, and 55 as shown on Alexandria Tract, Official Map of Imperial County Map #360, Imperial County and described in those certain deeds recorded in official records of Imperial County in Book 1455, Page 1732 recorded July 25, 1980, and in Book 1618, Page 1490 recorded February 7, 1989.

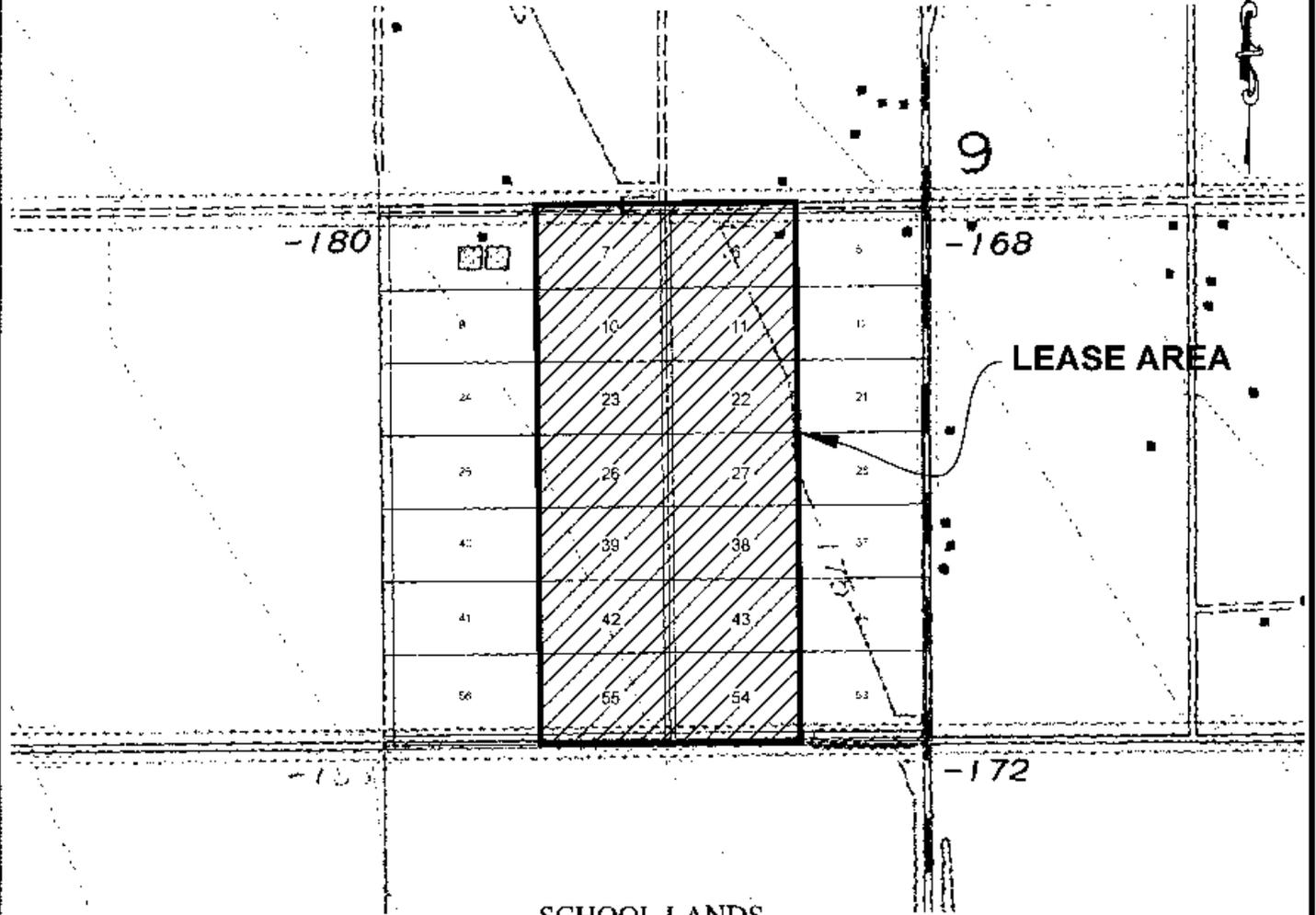
END OF DESCRIPTION

Prepared by the California State Lands Commission Boundary Unit October 19, 2016.



NO SCALE

SITE



SCHOOL LANDS
 LOTS 6, 7, 10, 11, 22, 23, 26, 27, 38, 39, 42, 43, 54, 55, SECTION 9, T11S, R14E, SBM.
 ALEXANDRIA TRACT, NILAND

NO SCALE

LOCATION

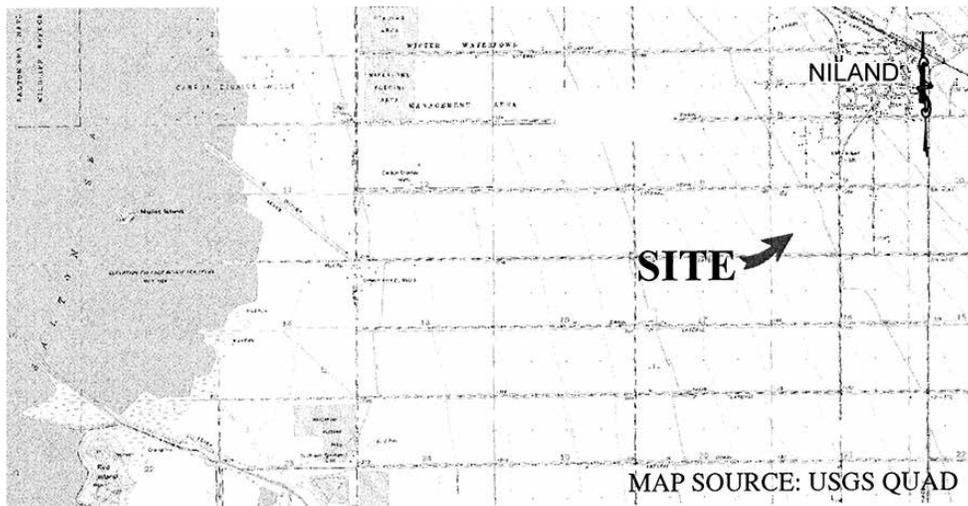


Exhibit B

PRC 8668.2
 A-Z FARMS INC.
 APN 021-240-002, 004,
 021-260-002
 GENERAL LEASE -
 AGRICULTURAL USE
 IMPERIAL COUNTY



This Exhibit is solely for purposes of generally defining the sale parcel, is based on unverified information provided by other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.